

Ec.H Industrial Conference, Washington,
I4216r D.C., 1919-.920
Report ... March 6, 1920.

REPORT
of
INDUSTRIAL
CONFERENCE

called by

Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

WILLIAM B. WILSON, *Chairman*
HERBERT HOOVER, *Vice Chairman*

MARTIN H. GLYNN
THOMAS W. GREGORY
RICHARD HOOKER
STANLEY KING
SAMUEL W. MCCALL
HENRY M. ROBINSON
JULIUS ROSENWALD
GEORGE T. SLADE

OSCAR S. STRAUS
HENRY C. STUART
WILLIAM O. THOMPSON
FRANK W. TAUSSIG
HENRY J. WATERS
GEORGE W. WICKERSHAM
OWEN D. YOUNG

WILLARD E. HOTCHKISS,
HENRY R. SEAGER,
Executive Secretaries

March 6, 1920

REPORT
of
INDUSTRIAL
CONFERENCE

called by
THE PRESIDENT

March 6, 1920

EC.H
IASIC

REPORT

INDUSTRIAL
CONFERENCE

THE PRESIDENT

TABLE OF CONTENTS.

	PAGE
I—INTRODUCTION	5
II—PREVENTION OF DISPUTES.....	9
Joint Organization Through Employee Representation.....	9
III—PLAN FOR ADJUSTMENT OF DISPUTES.....	13
General Description	13
1. Procedure When Both Sides Voluntarily Submit Disputes for Adjustment	13
2. Procedure When There is no Voluntary Submission.....	14
Details of the Plan.....	15
1. National and Regional Boards.....	15
2. National Industrial Board.....	15
3. Regional Chairmen and Vice-Chairmen.....	16
4. Panels of Employers and Employees for Regional Boards.....	16
5. Detailed Procedure of Regional Adjustment Conference..	17
Cognizance of Disputes.....	17
Submission	17
Selection of Representatives.....	18
Selection from the Panels.....	18
Formation of Regional Adjustment Conference.....	18
Ascertainment of Facts.....	18
6. Powers and Duties of Regional Board of Inquiry.....	19
Organization of Regional Board of Inquiry.....	19
Right to Subpoena and Examination.....	19
Reports	19
Right of the Chairman to Vote.....	19
7. Transformation of the Regional Boards of Inquiry Into Regional Adjustment Conferences.....	19
8. Umpire	20
9. Combination of Regions.....	20
10. Time of Reporting Findings.....	20
11. Effect of Decision.....	21
12. Application of Awards.....	21
13. Procedure on Failure to Comply with an Award.....	21
14. Relation of Boards to Existing Machinery for Concilia- tion and Adjustment	22
15. General Provisions	22
16. Basis of Decisions.....	23
17. Protection of Information.....	24
Public Utilities	24
Public Employees	27
IV—OTHER PROBLEMS AFFECTING THE EMPLOYMENT RELATIONSHIP.....	29
1. The Development of Industrial Relations.....	29
2. Collective Bargaining	30
3. Hours of Labor.....	32
4. Women in Industry.....	34
5. Child Labor	34
6. Housing	36
7. Wages	37
8. Profit Sharing and Gain Sharing.....	38
9. Thrift Agencies	39
10. Inflation and High Cost of Living.....	40
11. Public Employees	41
12. Agriculture	44
13. Unemployment and Part Time Employment.....	45
14. Public Employment Clearing House.....	51
V—CONCLUSION	51

REPORT OF INDUSTRIAL CONFERENCE.

I. INTRODUCTION.

The Industrial Conference was convened by the President on December 1, 1919. Under date of December 19th it issued for publication on December 29th, a tentative plan of machinery to adjust disputes in general industry by conference, conciliation, inquiry and arbitration. Criticism and constructive suggestions from the public were requested.

The tentative report provided for the adjustment of disputes rather than their prevention. The purpose of the Conference in publishing that report was to obtain at the earliest moment constructive criticism of the plan for adjustment, while the Conference was engaged in the further development of methods of prevention.

The Conference reconvened on January 12, 1920. It has received a vast amount of helpful comment from individuals and organizations in all parts of the country and it has also had the assistance of leading representatives of capital and labor, speaking for large numbers of employers and employees, who have come before it in frank consultation. This material has been carefully weighed.

The Conference now proposes joint organization of management and employees as a means of preventing misunderstanding and of securing cooperative effort. It has modified the tentative plan of adjustment so as to diminish the field of arbitration and enlarge the scope of voluntary settlement by agreement. As modified the plan makes machinery available for collective bargaining, with only incidental and limited arbitration. The Conference has extended the plan to cover disputes affecting public utilities other than steam railroads and it has enlarged it to cover the services of public employees.

The present report also deals with a number of specific subjects consideration of which should underlie any approach to the industrial problem. Some of these are matters of current controversy.

The causes of industrial unrest are many. Among others they include the rise in the cost of living, unrestrained speculation, spectacular instances of excessive profits, excessive accumulation and misuse of wealth, inequality in readjustments of wage schedules, release of ideas and emotions by the war, social revolutionary theories imported from Europe, the belief that free speech is restricted, the intermittency of employment, fear of unemployment, excessive hours of work in certain industries, lack of adequate housing, unnecessarily high infant mortality in industrial centers, loss of personal contact in

large industrial units and the culmination of a growing belief on the part of both employers and employees that a readjustment is necessary to a wholesome continuity of their united effort.

For the most part causes of unrest are not the result of the war; they have been accentuated by it. Much investigation and public discussion have been devoted to these matters. The relative importance and emphasis laid on the different causes varies with each investigator. The Conference, in Part IV, has made suggestions for dealing with some of the conditions enumerated, and it hopes that progress toward remedying them may be accelerated by the further development of employee representation and by the use of the suggested machinery for adjustment.

(There is, however, a feature of the present industrial unrest which differentiates it from that commonly existing before the war. It cannot be denied that unrest today is characterized more than ever before by purposes and desires which go beyond the mere demand for higher wages and shorter hours. Aspirations inherent in this form of restlessness are to a greater extent psychological and intangible. They are not for that reason any less significant. They reveal a desire on the part of workers to exert a larger and more organic influence upon the processes of industrial life.) This impulse is not to be discouraged but made helpful and cooperative. With comprehending and sympathetic appreciation, it can be converted into a force working for a better spirit and understanding between capital and labor, and for more effective cooperation.

The wisest suggestions for the prevention and relief of industrial unrest are to be found by interpreting the best thought and experience of those employers and employees who, within the area of their own activities, have most successfully dealt with the problem. The Conference in making its final report has considered the interpreting of actual achievements its most useful function. It believes that practical experience is more useful than the views of extremists on either side. Such experience shows that no group of men can successfully undertake to deal with the interests of other groups without their cooperative participation in the methods of equitable adjustment.

The guiding thought of the Conference has been that the right relationship between employer and employee can be best promoted by the deliberate organization of that relationship. That organization should begin within the plant itself. Its object should be to organize unity of interest and thus to diminish the area of conflict, and supply by organized cooperation between employers and employees the advantages of that human relationship that existed between them when

industries were smaller. Such organization should provide for the joint action of managers and employees in dealing with their common interests. It should emphasize the responsibility of managers to know men at least as intimately as they know materials, and the right and duty of employees to have a knowledge of the industry, its processes and policies. Employees need to understand their relation to the joint endeavor so that they may once more have a creative interest in their work.

Industrial problems vary not only with each industry but in each establishment. Therefore, the strategic place to begin battle with misunderstanding is within the industrial plant itself. Primarily the settlement must come from the bottom, not from the top.

The Conference finds that joint organization of management and employees where undertaken with sincerity and good will has a record of success. The general principles governing such organization are stated at length under the title, "Employee Representation." It is not a field for legislation, because the form which employee representation should take may vary in every plant. The Conference, therefore, does not direct this recommendation to legislators but to managers and employees.

If the joint organization of management and employees in the plant or industry fails to reach a collective agreement, or if without such joint organization, disputes arise which are not settled by existing agencies, then the Conference proposes a system of settlement close at hand and under governmental encouragement, and a minimum of regulation. The entrance of the Government into these problems should be to stimulate further cooperation.

The system of settlement consists of a plan, nation wide in scope, with a National Industrial Board, local Regional Conferences and Boards of Inquiry, as follows:

1. The parties to the dispute may voluntarily submit their differences for settlement to a board, known as a Regional Adjustment Conference. This board consists of four representatives selected by the parties, and four others in their industry chosen by them and familiar with their problems. The board is presided over by a trained government official, the regional chairman, who acts as a conciliator. If a unanimous agreement is reached, it results in a collective bargain having the same effect as if reached by joint organization in the shop.

2. If the Regional Conference fails to agree unanimously, the matter, with certain restrictions, goes, under the agreement of submission, to the National Industrial Board, unless the parties prefer the decision of an umpire selected by them.

3. The voluntary submission to a Regional Adjustment Conference carries with it an agreement by both parties that there shall be no interference with production pending the processes of adjustment.

4. If the parties, or either of them, refuse voluntarily to submit the dispute to the processes of the plan of adjustment, a Regional Board of Inquiry is formed by the regional chairman, of two employers and two employees from the industry, and not parties to the dispute. This Board has the right, under proper safeguards, to subpoena witnesses and records, and the duty to publish its findings as a guide to public opinion. Either of the parties at conflict may join the Board of Inquiry on giving an undertaking that, so far as its side is concerned, it will agree to submit its contention to a Regional Adjustment Conference, and, if both join, a Regional Adjustment Conference is automatically created.

5. The National Industrial Board in Washington has general oversight of the working of the plan.

6. The plan is applicable also to public utilities, but in such cases, the government agency, having power to regulate the service, has two representatives in the Adjustment Conference. Provision is made for prompt report of its findings to the rate regulating body.

The Conference makes no recommendation of a plan to cover steam railroads and other carriers, for which legislation has recently been enacted by Congress.

7. The plan provides machinery for prompt and fair adjustment of wages and working conditions of government employees. It is especially necessary for this class of employees, who should not be permitted to strike.

8. The plan involves no penalties other than those imposed by public opinion. It does not impose compulsory arbitration. It does not deny the right to strike. It does not submit to arbitration the policy of the "closed" or "open" shop.

The plan is national in scope and operation, yet it is decentralized. It is different from anything in operation elsewhere. It is based upon American experience and is designed to meet American conditions. It employs no legal authority except the right of inquiry. Its basic idea is stimulation to settlement of differences by the parties in conflict, and the enlistment of public opinion toward enforcing that method of settlement.

II. PREVENTION OF DISPUTES.

JOINT ORGANIZATION THROUGH EMPLOYEE REPRESENTATION.

Prevention of disputes is worth more than cure. (The Conference feels that a new basis of industrial peace may be found in the further development of the democratic organization of the relations of employers and employees, now widely in progress through the country.)

Modern industry, as conducted in large plants, has caused a loss of personal contact between employers and employees. It has also caused, through high specialization and repetitive mechanical processes, a loss of creative interest. But it makes possible a greater production of the material things which contribute to the common resources of the people. Upon these resources an advancing civilization, with a higher common standard of living, must depend.

Direct personal contact in the old manner cannot be restored. It is necessary, therefore, to find the best possible substitute through democratic representation. Employees need an established channel of expression and an opportunity for responsible consultation on matters which affect them in their relations with their employers and their work. There must be diffused among them a better knowledge of the industry as a whole and of their own relation to its success. Employee representation will not only enable them better to advance their own interests, but will make them more definitely conscious of their own contribution, and their own responsibilities.

Employee representation has been discussed under different names and forms, such as shop committees, shop councils, works councils, representative government in industry and others. But representation is a definite principle rather than a form. The Conference, therefore, prefers the generic term "employee representation." In using this term the Conference has in mind the successful application of the principle to various activities outside, as well as within, the purely industrial field.

From both employers and employees the Conference has received thoughtful and helpful suggestions as to the possibilities, under proper conditions, of employee representation. These suggestions clearly proceed from a genuine desire that this movement may spread in accordance with sound principles and be kept from perversions which would threaten its lasting usefulness by making it an agency of attack rather than a means to peace.

Employee representation organizes the relations of employer and

employee so that they regularly come together to deal with their common interests. It is operating successfully under union agreements in organized shops. It is operating in non-union shops, and it is operating in shops where union and non-union men work side by side. In plants working under union agreement, it adds to collective bargaining an agency of cooperation within the plant. It is itself an agency of collective bargaining and cooperation where union agreements do not obtain.

It is idle wholly to deny the existence of conflicting interests between employers and employees. But there are wide areas of activity in which their interests coincide. (It is the part of statesmanship to organize identity of interest where it exists in order to reduce the area of conflict. (The representative principle is needed to make effective the employee's interest in production, as well as in wages and working conditions. It is likewise needed to make more effective the employer's interest in the human element of industry.)

The idea of employee representation has aroused opposition from two sources. On the one hand, in plants too large for direct personal contact, employers who still adhere to the theory that labor is a commodity, hold off from any form of cooperation with employees. This view is steadily disappearing and will, it is hoped, wholly disappear. On the other hand, a number of trade union leaders regard shop representation as a subtle weapon directed against the union. This thought is apparently based on the fear that it may be used by some employers to undermine the unions. Conceived in that spirit no plan can be a lasting agency of industrial peace.

But occasional misuse of employee representation and the consequent hesitancy of organized labor to endorse it officially, are based on a misconception of the possible and desirable relations between the union and the shop committee. This relation is a complementary, and not a mutually exclusive one. In many plants the trade union and the shop committee are both functioning harmoniously. In some establishments the men are unionized, and the shop committees are composed of union men. In others, some men belong to the trade union while all belong to the shop organization.

The union has had its greatest success in dealing with basic working conditions, and with the general level of wages in organized and partially organized industries and crafts. It has also indirectly exerted an influence on standards in unorganized trades. There is no reason to suppose that in the future this influence will not continue.

Local problems, however, fall naturally within the province of shop committees. (No organization covering the whole trade and unfamiliar with special local conditions and the questions that come up from

day to day, is by itself in a position to deal with these questions adequately, or to enlist the cooperation of employer and employee in methods to improve production and to reduce strain. Except for trades in which the union itself has operated under a system of employee representation, as it does in shipbuilding and in the manufacture of clothing and in other trades, these internal factors are likely either to be neglected or to be dealt with in a way which does not make for satisfactory cooperation.)

The existence of employee representation in plants operating under union agreement does not necessarily reduce the scope of the union representative's work. But matters are more likely to come to him as questions of the application of an agreement rather than as mere grievances. In other words he has greater opportunity for service in negotiation of an essentially conciliatory nature. The fortunate results of such development have been evident in industries in which employee representation and trade unions have for some time been functioning harmoniously.

Employee representation must not be considered solely as a device for settling grievances. It can find success only if it also embodies cooperation in the problem of production. Whatever subjects the representatives come to feel as having a relation to their work, and their effectiveness as members of the plant, may come within the field of committee consideration. It is a thing to be undertaken, if at all, in a thoroughgoing way. (Representatives must be selected by the employees with absolute freedom. In order to prevent suspicion on any side, selection should be by secret ballot. There must be equal freedom of expression thereafter. All employees must feel absolutely convinced that the management will not discriminate against them in any way because of any activities in connection with shop committees. Meetings should be held frequently and regularly, not merely when specific disputes are threatened. Both sides must be prepared to study the problems presented and must give them patient, serious and open-minded consideration. There should be made available those facilities and facts essential to the formation of soundly based conclusions.)

Employee representation offers no royal road to industrial peace. No employer should suppose that merely by installing some system of shop representation he can be assured, without continued effort, of harmony and increased production. Doubtless there will be failures where the plan is adopted as a fad or a panacea. It is only a means whereby sincerity of purpose, frank dealing and the establishment of common interests, may bring mutual advantage.

The development and maintenance of right relations between employer and employee require more than mere organization.

Intelligent and wise administration is needed of all those problems of production that directly touch the employee. Conditions affecting human beings in industry were, during the last generation, largely in charge of men whose special training had been devoted to the mechanical side of production. Much study was given to the machinery and processes upon which men worked. But the factors that contribute to the broader human development and satisfaction of the employee and that lead to increased productivity were too nearly neglected. (The elimination of human friction is, even from the point of view of increased production, at least no less important than the elimination of waste in materials, or in mechanical power.

Establishments in which the ultimate management is of necessity widely removed from the employees, require provision for specialized study of industrial relations. But the right concept of human relations in industry, which should be the primary impulse of management, is of full value only when it permeates the entire administrative force. Far-sighted executives testify to the advantage gained from careful and painstaking efforts to encourage and educate their foremen in the proper attitude toward employees.

A large proportion of men trained in our engineering and technical schools now pass into executive positions. It is, therefore, desirable that these schools should provide courses of instruction in which the psychological and industrial background for human relations work shall be developed. But no amount of education outside the plant will remove the need for the systematic training of the force within.

Some industries have extended the principles of employee representation beyond the individual plant. The voluntary joint councils which have thus been set up in the clothing industry, in the printing trade, and elsewhere are fruitful experiments in industrial organization.

The Conference has had the benefit of testimony from both employers and employees who have had experience of the results of employee representation. An enthusiasm has been shown which comes from a sincere feeling of substantial progress in the development of human relations.

III. PLAN FOR ADJUSTMENT OF DISPUTES.

GENERAL DESCRIPTION.

1. PROCEDURE WHEN BOTH SIDES VOLUNTARILY SUBMIT DISPUTES FOR ADJUSTMENT.

The United States shall be divided into a specified number of industrial regions, in each of which there shall be a chairman.

Whenever a dispute arises in a region, which can not be settled by existing machinery, the regional chairman may request each side to submit the dispute to a Regional Adjustment Conference, to be composed of two representatives from each side, parties to the dispute, and two representatives to be selected by each side from the panels herein provided for. The regional chairman shall preside but not vote at the Conference.

If the Conference reaches a unanimous agreement it shall be regarded as a collective bargain between the parties to the dispute and shall have the force and effect of a trade agreement. If the Conference does not reach an agreement and the disagreement relates to wages, hours or working conditions, it shall make a finding of the material facts, and state the reasons why it was unable to reach an agreement. The regional chairman shall report such finding and statement to the National Industrial Board herein provided for, which shall determine the matters so submitted as arbitrator. If the National Industrial Board shall reach a unanimous agreement, it shall report its determination back to the Regional Adjustment Conference, which shall in accordance therewith state the agreement between the parties to the dispute the same as if the Conference had reached a unanimous conclusion. If the National Industrial Board shall fail to reach a unanimous conclusion, it shall make majority and minority reports and transmit them to the regional chairman, who shall immediately publish such reports, or such adequate abstracts thereof, as may be necessary to inform the public of the material facts and the reasons why the Board was unable to reach an agreement.

If the Conference does not reach an agreement and its disagreement relates to matters other than wages, hours, or working conditions, it shall make and publish its report, or majority and minority reports stating the material facts and the reasons why it was unable to reach an agreement.

If the parties to the dispute so desire, they may select an umpire to

act as arbitrator in place of the National Industrial Board, and in such case, the determination of the umpire shall be transmitted to the Regional Adjustment Conference with the same force and effect as a determination by the National Industrial Board.

The appointment of representatives to the Regional Conference constitutes a voluntary agreement, (a) that there shall be no cessation of production during the processes of adjustment, (b) to accept as an effective collective bargain the unanimous agreement of the Regional Adjustment Conference, (c) to accept as an effective collective bargain, (in case of failure of the Regional Adjustment Conference) the decision of a mutually chosen umpire, (d) to accept as an effective collective bargain, (in case of failure of the Regional Adjustment Conference, or upon failure of the parties to agree upon an umpire) the unanimous decision of the National Industrial Board upon wages, hours and working conditions.

2. PROCEDURE WHEN THERE IS NO VOLUNTARY SUBMISSION.

If both parties to the dispute refuse to submit it to a Regional Adjustment Conference through the failure to appoint representatives within the time allowed, the chairman shall organize forthwith, a Regional Board of Inquiry, consisting of two employers from the top of the employers' panel for the industry concerned, and two employees from the top of the employees' panel for the craft or crafts concerned. The four so chosen with the chairman shall constitute the Board of Inquiry.

If either side shall have selected representatives, and thereby agreed to submit to the process of adjustment of the dispute, such representatives may select two names from their panel in the same manner as for a Regional Adjustment Conference. Such representatives of the party to the dispute, may sit on the Board of Inquiry and take full part as members thereof. The six thus selected, with the chairman, shall thereafter constitute the Board of Inquiry.

The Board of Inquiry shall proceed forthwith to investigate the dispute, and make and publish its report, and if not in agreement, its majority and minority reports, in order that the public may know the facts material to the dispute, and the points of difference between the parties to it.

DETAILS OF THE PLAN.

1. NATIONAL AND REGIONAL BOARDS.

There shall be established a National Industrial Board, Regional Adjustment Conferences and Boards of Inquiry.

2. NATIONAL INDUSTRIAL BOARD.

The National Industrial Board shall have its headquarters in Washington, and shall be composed of nine members appointed by the President and confirmed by the Senate. In order to insure appointment upon such Board of persons familiar with industrial questions and capable of estimating the effect of the decisions rendered, three shall be chosen from persons representative of industrial employers, three from persons representative of industrial employees, and three from persons representative of general interests, who shall be specially qualified by reason of knowledge or experience with economic and general questions. All shall act for the general welfare and shall be selected without regard to political affiliations. One of the three persons representative of general interests shall be designated by the President as chairman.

The terms of office of members of the National Industrial Board shall be six years; at the outset three members, including one from each group, shall be appointed for a term of two years, three members for a term of four years, and three members for a term of six years; thereafter three members, one from each group, shall retire at the end of each period of two years. Members shall be eligible for re-appointment.

The Board shall have general supervisory power over, and shall make rules governing the general administration of the plan. It may, in its discretion, require the regional chairman to take cognizance of a dispute and to institute the regional machinery to deal with the same; it may also suspend the operation of the regional machinery in case the regional chairman shall have set the same in motion under circumstances which the National Industrial Board disapproves. It shall act as a board of appeal on questions of wages, hours and working conditions which cannot be adjusted by a Regional Adjustment Conference, and in such cases it shall act by unanimous vote. It may act as a board of appeal on all other questions which may come before a Regional Adjustment Conference, which may be voluntarily submitted to it by the parties to the dispute and which they have not been

able to agree upon in the Regional Adjustment Conference, except questions of policy such as the "closed" or "open" shop. In such cases, it shall act by such vote, unanimous or otherwise, as the submission shall specify. In case it is unable to reach a determination, it shall make and cause to be published, majority and minority reports. Such reports shall be matters of public record.

On all administrative questions, the Board may act by majority vote.

In order to facilitate its business, the Board may, in the less important cases, subdivide into parts of three, constituted of one member from each group.

In the event that the facts transmitted to it by the chairman of the Regional Adjustment Conference are, in the opinion of the Board, inadequate to enable it to make a decision, the Board shall send the case back to the regional chairman with instructions to secure such further facts as may be needed. If the representatives of the parties to the dispute are in agreement upon the facts required, the chairman shall then secure and communicate to the National Industrial Board such facts; or, (in case of their failure to agree) he shall reconvene the Regional Adjustment Conference for the purpose of making a supplementary report concerning the needed facts. The National Industrial Board shall have no right of inquiry and no power to subpoena. When the Board finds it necessary to call for additional facts, as just indicated, the time for the decision of the case by the Board may be extended, if necessary, for the purpose of obtaining the requisite facts.

3. REGIONAL CHAIRMEN AND VICE-CHAIRMEN.

In each region the President shall appoint a regional chairman. He shall be a representative of the public interest, shall be appointed for a term of three years and be eligible for reappointment.

Whenever in any industrial region, because of the multiplicity of disputes, prompt action is impossible, or where the situation makes it desirable, the National Industrial Board may, in its discretion, choose one or more vice-chairmen and provide for the establishment under their chairmanship of additional Regional Conferences or Boards of Inquiry. The terms of office of such vice-chairmen shall be limited to the consideration of the specified cases for which they are appointed.

4. PANELS OF EMPLOYERS AND EMPLOYEES FOR REGIONAL BOARDS.

Panels of employers and employees for each region shall be prepared by the Secretary of Commerce and the Secretary of Labor,

respectively, after conference with the employers and employees, respectively, of the regions. The panels shall be approved by the President.

At least 30 days before their submission to the President, provisional lists for the panels in each region shall be published in such region.

The panels of employers shall be classified by industries; the panels of employees shall be classified by industries and subclassified by crafts. The names of employers and employees selected shall be at first entered on their respective panels in an order determined by lot.

The selection from the panels for service upon the Regional Boards shall be made in rotation by the regional chairman; after service the name of the one so chosen shall be transferred to the foot of his panel.

The regional panels shall be revised annually by the Secretaries of Commerce and of Labor, respectively, in conference with the employers and employees, respectively, of each region.

5. DETAILED PROCEDURE OF REGIONAL ADJUSTMENT CONFERENCE.

Cognizance of Disputes.

The regional chairman shall not take cognizance of a dispute unless he is satisfied that it cannot be settled by agreement of the parties, or by existing machinery. If request be made by a party to a dispute that cognizance be taken of it, the regional chairman shall require the presentation of satisfactory evidence that an attempt has been made in good faith to settle the dispute by agreement of the parties, or by existing machinery, before requesting the other side to submit the dispute to a Regional Adjustment Conference.

Submission.

When the chairman shall have decided to take cognizance of the dispute, he shall request each party to it to select two representatives within such time, (not less than two nor more than seven days) as may be fixed by the chairman.

The appointment of representatives by both sides shall constitute an agreement that the parties will endeavor in good faith to adjust the dispute as members of the Regional Adjustment Conference, and that in case of failure of the Conference to agree unanimously, they will accept the award of the National Industrial Board, or of an umpire selected by them, on any question relating to wages, hours and working conditions, as herein provided. It shall also constitute an agreement by both sides that they will continue, or re-establish and continue, until

the case is concluded, the status that existed at the time the dispute arose.

Selection of Representatives.

The selection of representatives of parties to the dispute shall be made in accordance with rules laid down by the National Industrial Board for the purpose of insuring free, prompt and unrestricted choice of such representatives.

In case either side shall object to the representatives of the other, on the ground that they are not in fact representative, the chairman shall pass upon such objection, or he may call in some competent person to do so. If the chairman is in doubt as to whether the representatives objected to are in fact representative, he shall require that formal action be taken by the employer to select, and properly certify to the selection of his representatives, and likewise, unless otherwise provided by the National Industrial Board, he shall require the employees to elect their representatives by secret ballot, under the direction of some impartial person, designated by the chairman.

Selection From the Panels.

When both sides shall have selected their representatives, the chairman shall take from the top of the panels for the industry concerned, or in the case of employees, for the craft or crafts concerned, twelve names of employers and employees respectively. The representatives of the two sides shall choose two each from the twelve names on their respective panels.

Formation of Regional Adjustment Conference.

The chairman shall forthwith convene a Regional Adjustment Conference composed of the four representatives of the parties to the dispute, the four persons selected from the panels and the chairman, and so constituted, the Conference shall proceed at once to negotiate an adjustment of the dispute.

Ascertainment of Facts.

The Regional Adjustment Conference shall not have the right of inquiry, or the power to subpoena, but shall obtain its facts through the voluntary action of the parties to the dispute.

If no agreement is reached by the Conference, and in the opinion of the chairman additional information is required to make a report to the National Industrial Board or to an umpire, the Regional Adjustment Conference shall, at that time and for that purpose, have all the

powers of inquiry and right to subpoena which are vested in the Regional Board of Inquiry. Such right shall continue for the purpose of ascertaining any further material facts which the National Industrial Board or the umpire may require.

6. POWERS AND DUTIES OF REGIONAL BOARD OF INQUIRY.

Organization of Regional Board of Inquiry.

If both parties to the dispute, or either party, refuse to submit it to a Regional Adjustment Conference, the chairman shall organize forthwith a Regional Board of Inquiry, as hereinbefore described, (*cf. supra*, page 14, section 2).

Right to Subpoena and Examination.

The Regional Board of Inquiry shall have the right to subpoena witnesses, to examine them under oath, and to require the production of books and papers, in order to enable the Board to ascertain all facts material to the dispute and a clear understanding of the issues involved.

Reports.

The report or reports of a Board of Inquiry shall, in addition to being made public by the chairman, be transmitted to the Secretaries of Commerce and Labor respectively, and shall be filed with the National Industrial Board, and with the chairman of each and every region, where they shall be matters of public record.

Right of the Chairman to Vote.

The chairman shall have the right to vote on all matters coming before the Board of Inquiry and he may in his discretion join in any report or reports of the Board.

7. TRANSFORMATION OF THE REGIONAL BOARDS OF INQUIRY INTO REGIONAL ADJUSTMENT CONFERENCES.

At any time during the progress of the inquiry if both sides shall have selected representatives, and agreed to submit the dispute for adjustment, the Board of Inquiry shall become a Regional Adjustment Conference by the admission to membership on the Board of such representatives. The side or sides which appoint representatives, after the date fixed in the original request of the chairman, shall, (because of its delay) accept the members of the Board of Inquiry as members of the Regional Adjustment Conference.

The Regional Adjustment Conference, so constituted, shall proceed to the settlement of the dispute as though it had been organized within the period originally fixed by the chairman.

8. UMPIRE.

When a Regional Adjustment Conference is unable to reach a unanimous agreement, the representatives of the parties to the dispute may select an umpire, and refer the dispute to him with the provision that his determination shall be final, and shall have the same force and effect as a unanimous agreement of such Regional Adjustment Conference. All questions, even those including the "open" and "closed" shop, may be referred by the parties to an umpire.

9. COMBINATION OF REGIONS.

Whenever the questions involved in a dispute extend beyond the boundaries of a single region, the regions to which the dispute extends shall, for the purpose of such dispute, be combined by order of the National Industrial Board, which shall designate the chairman of one of the regions concerned, to act as chairman of the Adjustment Conference, or Board of Inquiry, to be created in connection with the dispute in question.

Two employer members and two employee members shall be chosen from the combined panels of the regions involved in the dispute, under rules and regulations to be established by the National Industrial Board. The members representing the two sides to the dispute, and the members from the panels, shall be chosen in the same manner as in the case of a dispute in a single region. The National Industrial Board shall prescribe rules and regulations for the combination of the panels, and the effective adaptation of the other machinery created for use in the combined regions.

A Regional Board of Inquiry constituted for a dispute extending beyond the boundaries of a single region shall have the same rights and powers as those conferred upon a Regional Board of Inquiry for a single region.

10. TIME OF REPORTING FINDINGS.

Any Regional Board of Inquiry shall make and publish its report within five days after the close of its hearing, and within not more than 30 days from the date of issue of the original request by the chairman to the two sides to the dispute to appoint representatives.

Any Regional Adjustment Conference shall make its determination of any question in dispute, or if unable to make a determination, shall make its report to the National Industrial Board, or to an umpire, if one shall have been selected, within 5 days after the close of its hearing, and within not more than 30 days from the time of the appointment of the representatives of the parties to the dispute. If the failure to make a determination relates to matters not appealable to the National Industrial Board, and in case no umpire has been selected, the Regional Adjustment Conference shall, within the 30 days above specified, make and publish its report or reports. The periods above specified may be extended by unanimous agreement of the Conference, or by the National Industrial Board.

The National Industrial Board, or any umpire, shall determine any pending question in dispute within 15 days after the report of the Regional Adjustment Conference shall have been submitted.

11. EFFECT OF DECISION.

Whenever an agreement is reached through a Regional Adjustment Conference, or the National Industrial Board, or an umpire, it shall have the full force and effect of a trade agreement, which the parties to the dispute are bound to carry out.

12. APPLICATION OF AWARDS.

Any question arising as to the true meaning or application of any such agreement shall be determined by the representatives of the parties to the dispute on the Regional Adjustment Conference before which the dispute was heard. In case of disagreement, such representatives shall, unless otherwise provided in the agreement, submit in writing the question to the chairman of such Board, whose decision shall be final.

13. PROCEDURE ON FAILURE TO COMPLY WITH AN AWARD.

Upon complaint that either party has failed to comply with an agreement, the chairman of the Regional Adjustment Conference before which the dispute was heard, shall call in one employer and one employee member of such Conference, not parties to the dispute, selected in the order of their position on the panel at the time such Conference was created, and the board of three thus constituted shall, by majority vote, determine whether or not there has been a failure to comply with the agreement, and shall make its determination public.

14. RELATION OF BOARDS TO EXISTING MACHINERY FOR CONCILIATION AND ADJUSTMENT.

The establishment of the National Industrial Board and the Regional Adjustment Conference shall not affect existing machinery of conciliation, adjustment and arbitration established by the Federal Government, by the governments of the several states and territories or subdivisions thereof, or by mutual agreements of employers and employees.

Any industrial agreement made between employers and employees may, by consent of the parties, be filed with the National Industrial Board. Such filing shall constitute agreement by the parties that in the event of a dispute, they will maintain the status existing at the time the dispute originated until a final determination, and that any dispute not adjusted by means of the machinery provided by the agreement, shall pass on appeal to the National Industrial Board for determination, and that such determination shall be of the same questions and shall have the same force and effect as in the case of a dispute on appeal from a Regional Adjustment Conference.

15. GENERAL PROVISIONS.

The President shall have the power of removal of all persons appointed by him under the provisions of the plan.

In the presentation of evidence to the Board of Inquiry, and in argument before the National Industrial Board or an umpire, each side shall have the right to present its position through representatives of its own choosing.

The Secretary of Commerce and the Secretary of Labor, in preparing and revising the regional panels of employers and employees, shall, from time to time, develop suitable systems to insure their selections being truly representative.

The National Industrial Board, the Regional Adjustment Conferences and the umpires shall, in each of their determinations, specify the minimum period during which such determination shall be effective and binding. In case of emergency, a Regional Adjustment Conference or the National Industrial Board may, after hearing both sides, alter its determination by abridging or extending the period specified.

In case of vacancy in any office or position created under this plan, such vacancy shall be filled for the unexpired term, in the same manner as the original selections were made, provided, however, that if the vacancy occurs in the position of representatives of parties to a dispute, such vacancy may be filled by joint agreement of the parties.

Whenever an agreement shall be reached through a Regional Adjustment Conference, it shall be executed in four originals, two of which shall be given to the parties to the dispute, respectively; one shall be filed with the National Industrial Board and one shall be filed in the office of the chairman of the region in which the agreement was reached. The agreements filed with the National Industrial Board and with the chairman shall be public records.

The National Industrial Board shall from time to time make suitable rules and regulations for the purpose of carrying out this plan, including regulations for the privacy of any information disclosed by a party, which information, although necessary and proper for a decision of the matter in hand, may, by its public disclosure to the Board, umpire or Conference, injure one or more of the parties.

The National Industrial Board shall also from time to time, as experience in the operation of the plan shows to be desirable, issue instructions to the regional chairmen concerning the character of disputes of which they should take cognizance, in order that the plan may best serve the public interest.

No agreement of any Regional Adjustment Conference shall be effective for any purpose if the same be in violation of any law of the United States or of any state in which such agreement is to be applied.

The National Industrial Board may, whenever it deems it desirable, request one employer representative and one employee representative, members of the Regional Adjustment Conference, not parties to the dispute, to assist it in arriving at a clear understanding of any technical questions involved in the dispute, and in framing its report. Such representatives shall not participate in the decision of any question.

16. BASIS OF DECISIONS.

Whenever a Board of Inquiry inquires into, or a Regional Adjustment Conference adjusts, a dispute relating to wages, hours of labor or working conditions, it must inquire into the conditions prevailing in the industry, and its findings or decision, as the case may be, must be such that the standards recommended or decided upon may with fairness be applied to the entire industry, making due allowance for modifications which should be made on account of the local conditions, including competitive relations and living conditions, at the particular plant or plants to which the report or award is to be applied.

17. PROTECTION OF INFORMATION.

Any information obtained by any Board, Conference or umpire in the course of any inquiry or hearing as to any individual business, (whether carried on by a person, firm or company) which is not available to the public, shall not be made public, except with the consent of the owner of such business, provided, however, that this shall not prevent such general statement as may be necessary to inform the public of the issues involved in the dispute.

No individual member of such Boards or Conferences, and no umpire or other person obtaining information in any manner through their proceedings, shall disclose, or in any way use such information except in connection with his official action to accomplish the purposes of the plan.

Suitable penalties should be provided for any violation of this provision.

PUBLIC UTILITIES.

The plan as above outlined for general industry shall be modified as set forth below, and shall be applicable to public utilities other than those carriers provided for by Congress in Title III of the Transportation Act of February 28, 1920, U. S. Statutes, 66th Congress, (commonly known as The Cummins-Esch Law).

Proper regional panels of employers and employees in different classes of public utilities shall be created.

The Regional Adjustment Conference shall consist of the chairman, four representatives of the parties to the dispute, two from each side, one employer representative and one employee representative taken from the panels in the class of public utility in which the dispute arises, and two members representing the government authority which has power to regulate the service of the public utility. The panel representatives may be chosen by the parties to the dispute, from the first six names on their respective panels.

In case of failure of the chairman to secure the creation of a Regional Adjustment Conference, he shall proceed, as in the case of general industry, to form a Regional Board of Inquiry. The Board of Inquiry shall be constituted of the same memberships as provided above for the Regional Adjustment Conference, including the representative of the party to the dispute, who shall undertake to abide by all the processes and decisions as set forth below. Such party shall have the right to select his panel member. In the case of the party

who shall not appoint his representatives as above, the panel member for his side shall be taken from the top of the appropriate panel.

The representatives of the government authority on the Regional Adjustment Conference, or on the Regional Board of Inquiry, shall be appointed by the government authority or commission authorized to regulate the service of the utility in which the dispute arises, and if there be no such commission, then the Chief Executive of the government having the right to regulate such service.

The National Industrial Board shall, in the case of appeals in public utilities, reach its decisions by a majority vote, provided that at least one public representative concurs, and such decision shall be binding upon the employer, unless within ten days after such an award is rendered, he shall in writing disaffirm the same; and likewise, the award shall be binding upon the employees, unless within twenty days after such an award is rendered, it shall in writing be disaffirmed by the employees acting by secret ballot under the supervision of some impartial person named in the award, to conduct such a ballot.

As in general industry, the submission of the parties to the processes of adjustment shall be purely voluntary. But the selection of their representatives to the Regional Adjustment Conference, (or by one of them, if he join the Regional Board of Inquiry) shall constitute a complete agreement by the party or parties who submit, that they will take no action to impair, impede, interfere with, or in any way interrupt the service of such utility, during the adjustment, (including the period during which the decision of the National Industrial Board may be disaffirmed, as set forth above).

Furthermore, the submission shall constitute an undertaking that when unanimous agreement is reached by a Regional Adjustment Conference, or by decision of an umpire voluntarily selected by the parties, or when the award of the National Industrial Board is not disaffirmed by either party, as above provided, such agreement or award shall constitute a trade agreement by which the employer agrees to provide such work as may be necessary for the operation of the utility under the terms of the agreement during the term of the award, and the employees acting as a group agree that they will perform the work necessary for the operation of the utility in good faith so far as possible, under the terms of the agreement, uninterrupted by any group action or by any collective or group understanding, written or oral, express or implied, during the terms of the award.

These provisions shall not prevent an employer from discharging for cause in the regular course of employment, nor prevent any individual employee from resigning from the service.

NOTE.—The Conference wishes to point out that the continuity of

employment in public utilities offers an opportunity for collective bargaining beyond that which has to do with standards only, the usual form in general industry. The kind of collective bargaining here described, and which is practicable in the case of public utilities, is a mutually advantageous extension of the collective bargaining principle into the region of a positive agreement to give and to undertake actual employment.

Since the Conference issued its preliminary statement on December 19, 1919, the Congress has dealt with the railway situation by the Transportation Act, 1920, and a Special Commission also has been created with respect to bituminous coal mining. A majority of the Conference therefore has deemed it unnecessary to suggest any provisions for the legal prevention of strikes in public utilities in this plan, believing that the continuous operation of such utilities will be secured through the acquiescence of employees in the workings of the machinery created by the plan, especially when voluntarily invoked or accepted by them.

Mr. Gregory, however, feels that the continuous operation of railroads and other transportation systems, of water, light, gas, telegraph and telephone plants and of groups of coal mines, all essential to the convenience and frequently the very existence of the general public, should be assured. He considers that the Conference has provided fair and adequate machinery for the prompt adjustment of disputes between employer and employee.

He was willing to accept a plan which would have made lock-outs and strikes in these essential industries unlawful during the time the proposed tribunals were seeking to determine and publish the facts and settle the issues involved, and during the subsequent brief period within which the parties to the controversy were to accept or reject the award made, and during the period covered by the award in case both parties accepted it.

He considers that the plan adopted furnishes no real guarantee that either of the contesting forces, even after having voluntarily submitted its contentions to the tribunals, and even while representatives of its own unrestricted choosing are sitting as judges and participating in an effort to settle the dispute by a decision which must be unanimous in order to be binding, shall not repudiate these tribunals and thereby precipitate the very situation which the proposed machinery is intended to prevent.

He feels that the furnishing of such a guarantee was implied in the following language of the preliminary statement of the Conference:

"The continuous operation of public utilities is vital to public welfare. As the capital invested is employed in public use, so is the labor

engaged in public service; and the withdrawal of either with the result of suspending service makes the people the real victim. While continuous operation of all utilities is conducive to the general convenience of the people, that of some of them is essential to their very existence. Of the latter class the railways are a conspicuous example and bear the same relation to the body politic as do the arteries to the human body. Suspension produces practical social and economic anarchy and may impose hardship even to the point of starvation upon large sections of the community. The interruption in such essential public utilities is intolerable."

Mr. Stuart shares the views of Mr. Grègory, except as to their applicability to coal mines, which are not public utilities.

PUBLIC EMPLOYEES.

The plan for general industry shall be applicable to public employees to the extent and with the substantial modifications following. The Secretary of Commerce and the Secretary of Labor acting together shall provide regional panels of persons who are broadly familiar with the different classes of services performed by public employees in the region. If any state desires to avail itself of this machinery, the Governor of the state shall name such panels for use in connection with any question affecting the public employees of that state.

The Regional Adjustment Conference shall consist of two representatives from the legislative branch of the Government authorized by law to make appropriations, two representatives from that branch or department of the Government which is in the position of employer, two representatives from the employees in the class of public service in which the question arises, and two members to be selected by the representatives of the employees from the first twelve names on the general panel.

A Regional Adjustment Conference shall be convened by the chairman on the request of the administrative head of any department of the Government standing in the relation of employer, or on the request of such a substantial number of the employees as to satisfy the chairman that the question is of sufficient importance to justify the convening of a Regional Adjustment Conference.

If the Regional Adjustment Conference reaches an agreement, its report shall take the form of a recommendation to the appropriate legislative body, as a basis for appropriations. If the Conference does not reach an agreement, no report shall be made, unless the legislative body shall request such report.

The appropriate governmental authority shall, from time to time, designate the classes of public employees which are to be subject to the plan.

In the case of public employees there shall be no Board of Inquiry, but all material facts and information shall be made available to the Regional Adjustment Conference. There shall be no appeal to the National Industrial Board, and no reference to an umpire.

IV. OTHER PROBLEMS AFFECTING THE EMPLOYMENT RELATIONSHIP

1. THE DEVELOPMENT OF INDUSTRIAL RELATIONS.

While the relations between employers and employees are primarily a human problem, the relationship in its legal aspects is one of contract. In the development and establishment of this right of contract on the part of workmen, is written the history of labor.

In the early days of civilization work was performed largely by slaves. No employment contract then generally obtained, because the employer was the owner, not only of the land and the implements of production, but of the workmen themselves. It is significant, however, that as early in history as 500 B. C. engineering works were constructed, at least partially, by free workmen employed under contract. As human beings gradually emerged from slavery, the rights of the employed were slowly extended. But for many centuries the limitations on these rights were so substantial as narrowly to limit the degree of freedom.

Though serfdom became the prevailing condition for the employed during the middle ages, custom and economic requirements produced checks on the sway of the masters which proved to some extent effectual, even when legal protection was insufficient. With the coming of an industrial and commercial age, serfs were gradually emancipated and the institution of serfdom melted away. Through this long process the worker slowly advanced from one kind of servitude to another less galling, and his right to contract for employment became gradually less subject to restraint. It was not, however, until within the memory of men still living that it ceased to be a penal offense, under the laws of England, and in some of our states, for two or more workmen to combine to quit work, in order to secure increased wages or improved working conditions.

Modern large scale production and the introduction of the great corporation have brought also the organization of labor into strong associations, which may contract with employers for employees as a group. The process of development goes on and employers and employees slowly advance toward the larger liberties and the more serious responsibilities which follow.

It may aid in comprehending the work of the Conference to recall that the present condition of freedom has come about not so much from positive laws as from the removal of restrictions which the laws

impose upon the rights and the freedom of men. The Conference confesses that in the prosecution of its work it has been animated by a profound conviction that this freedom that has been wrought out after many centuries of struggle should be preserved.

2. COLLECTIVE BARGAINING.

Two of the most highly controversial questions which have come before the Conference are collective bargaining and the obligation to carry out the collective bargain when made.

The term "collective bargaining," as herein used, means negotiation between an employer or an association of employers on the one side and the employees acting as a group, on the other. There are two types of collective bargaining as thus defined; one in which the employees act as a group through the trade or labor union; the other in which they act as a group through some other plan of employee representation.

An analysis of the heated controversies that are current with reference to collective bargaining indicates that the employees place the emphasis on the *right* of wage-earners to bargain collectively, and that the employers place the emphasis on the *right* of employers to bargain or refuse to bargain collectively at their discretion.

The Conference believes that the matter is not advanced materially by the assertion of the right, on the one side, to bargain collectively, or on the other side, of the right to refuse to bargain collectively; as abstract rights both undoubtedly exist. (The real question, however, is whether, as a matter of policy, better relationships between employers and employees will be promoted, and a more effective industrial organization for the nation will be brought about, if a system of collective bargaining is adopted.)

On the question of policy, the principal difference relates to the machinery through which the collective bargaining is carried out. While there are some employers who still insist upon the policy of dealing with their employees individually, and not as a group, we think their number is diminishing. Many employers, however, object to collective bargaining through the trade union, on the ground that its agents are often not truly representative of their employees, that they are often uninformed in regard to the technical details of the business involved, and that, instead of feeling concern for the success of this business upon which the welfare of the employees as well as of the employers vitally depends, they care primarily for the success of the unions which they represent.

On the other hand, employees often object to collective bargaining

through employee representatives, on the ground that such spokesmen, because themselves employees, are too dependent upon the employer, and too much under his influence to be good negotiators.

The Conference is in favor of the policy of collective bargaining. It sees in a frank acceptance of this principle the most helpful approach to industrial peace. It believes that the great body of the employers of the country accept this principle. (The difference of opinion appears in regard to the method of representation. In the plan proposed by the Conference for the adjustment of disputes, provision is made for the unrestricted selection of representatives by employees, and at the same time provision is also made to insure that the representatives of employees in fact represent the majority of the employees, in order that they may be able to bind them in good faith.) The Conference believes that the difficulties can be overcome and the advantages of collective bargaining secured if employers and employees will honestly attempt to substitute for an unyielding, contentious attitude, a spirit of co-operation with reference to those aspects of the employment relation where their interests are not really opposed but mutual.

Essential to the success of collective bargaining is a clear realization by both sides, of the obligations which it imposes, and of the limitations of these obligations. (The collective bargain usually relates to standards only, such as the rate of wages to be paid, the hours to constitute a day's work, and the conditions under which the work is to be performed. There is also usually a specified time during which the agreed standards are to be maintained.) The agreement imposes on the employer the obligation to observe these standards if he provides work. It does not bind him to provide work. Similarly, it imposes on employees the obligation to accept the agreed standards so long as they remain at work. It does not bind them to continue in employment.

Under a collective bargain establishing standards, an employer acting in good faith may close down his plant, in whole or in part, without breach of his obligation. On their side the employees may resign their positions without breach of their obligation. In such case the employer, however, is free to fill without interference the positions so voluntarily vacated.

The obligation involved in a collective agreement on standards is sometimes thought of as a binding agreement by which the employees are obliged to continue in employment, although the right of the employer to shut down his plant has rarely been questioned. This is a one-sided interpretation of the agreement which would give the em-

ployer, without any reciprocal obligation, a virtual call on the services of his employees. Such an interpretation is obviously unfair.

The above statements do not mean that during the period of the agreement the employer may "lockout" or the employees may "strike," the purpose being to change the standards by means of economic pressure. A "strike" is not merely a withdrawal from employment; it is an effort to secure better terms for the positions held. Similarly, a "lockout" is something more than a temporary discontinuance of production; it is an attempt to force employees to accept lower standards. Both involve breach of a collective bargain on standards and are unjustifiable.

The Conference has given a great deal of consideration to the whole question of enforcement of collective bargains once entered upon. As shown above, bargains of this character do not lend themselves readily to legal enforcement. The social and legal forces that surround the problem are of the most complex order and must be a matter of development in the community. The Conference believes that for the present at least, enforcement must rest substantially upon good faith. It is obvious that the essence of success in collective bargaining lies in the fidelity of both sides to agreements.

3. HOURS OF LABOR.

Hours of labor, wages and women and children in industry, should be approached from the aspect both of the health and welfare of the workers, and of the efficient use of the country's resources in man-power over a prolonged period of time. The nation is not interested primarily in what one or another body of its citizens may believe to be for their immediate personal advantage; it is interested fundamentally in the progressive development of the physical, mental and spiritual well-being of its citizens. The question as to what constitutes this well-being under the complicated conditions of modern industrial life cannot be easily determined off-hand, but must be based upon a body of fact, accurately ascertained from experience.

The problem of hours has undergone a fundamental change through the introduction of large scale factory production and the growing concentration of our population in cities. Men and women can work relatively long hours at work which is interesting, which calls upon their various energies, which gives some opportunity for creative self-expression. Work which is repetitive, monotonous and conducted under the confining indoor conditions of even the best industrial plant, especially where the plant is located at a distance from the homes of

the workers, makes much more exacting physical and nervous demands. If the inevitable conditions of modern industry do not offer variety and continuing interest, the worker should have hours short enough for more recreation, and for greater contact with his fellowmen outside of working hours.

Studies should be made in each industry, (preferably by the industry, but in its default, by the appropriate government agency) of the problem of industrial fatigue in relation to production, to determine on the basis of experience; first, what schedule of hours is consistent with the health and well-being of the workers; and, second, the hour schedule within the above limitations, which will afford the maximum productivity in the industry. It should be recognized by employees and employers, and primarily by the public, that hours schedules which are below the standard of maximum productivity must necessarily reduce the total industrial product, and consequently reduce the standard of living, or increase prices. Such reduction in all industry will necessarily reduce the total industrial product of the nation and the standard of living will be reduced by that much below the attainable maximum. This fact should be taken into account in connection with the advantages, in other directions, to the worker which may accrue from such a shortening of hours.

Studies which have already been made in some industries indicate that long hours do not in general result in maximum production. The Conference believes that some industries are now operating, in part at least, on hours schedules which are above the standard of maximum productivity, and which in any case do not allow employees proper opportunity for rest and recreation. There are large basic industries which still employ substantial numbers of their men in exhausting work for eighty-four hours per week and longer. Such conditions are opposed to public interest, are contrary to every instinct of human development, and are a pregnant cause for industrial and political unrest.

It is perhaps unnecessary to point out that the conditions of various industries make any universal standardization of hours unnecessary and unwise. For example, the seasonal and intermittent nature of agricultural work and the fact that it is carried on under out-of-door conditions which are not essentially detrimental to the well-being of the worker, would naturally exclude agriculture from the class of industries in which the work is confining and repetitive.

The Conference believes that experience has demonstrated that in fixing hours of labor in industrial establishments at a point consistent with the health of the employees, and with proper opportunity for rest and recreation, there should in all cases be provision for one day's rest in seven.

The Conference believes that in most factories, mines and workshops, and especially in repetitive work, the present trend of practice favors a schedule of hours of not more than forty-eight hours per week.

The Conference does not think that a schedule of hours substantially less than the forty-eight hour standard now in operation is at this time desirable, except in industries where a scientific study of the problem on the basis already outlined, indicates that such reduction is necessary for the protection of the health and safety of the workers and is in the public interest.

The practice in some industries, of arranging by mutual agreement of employer and employees for a Saturday half holiday, without reduction of the weekly schedule of hours, has great advantages. Hours of labor schedules should be arranged on a weekly basis, and overtime should not be permitted except in case of temporary emergency.

It should moreover be borne in mind that further reduction of hours below this standard in any industry will throw an extra burden upon other industries, and may especially prejudice agricultural communities who already feel the growing competition of the cities in drawing away workers from the farm.

4. WOMEN IN INDUSTRY.

Women cannot enter industry without safeguards additional to those provided for men, if they are to be equally protected. The danger of exploiting their physical and nervous strength with cumulative ill effects upon the next generation, is more serious and the results are more harmful to the community. Special provision is needed to keep their hours within reason, to prohibit night employment in factories and workshops, and to exclude them from those trades offering particular dangers to women.

Where women can and do perform work of equal quality and quantity as compared with that of men under similar conditions, they should receive equal pay. They should not be discriminated against in respect to opportunities for training and advancement, or the representation of their interests.

5. CHILD LABOR.

The Federal Government has already recognized the unsoundness in the economic use of the nation's resources of permitting the entrance of young children into industry. Such a practice results in the progres-

sive degeneration of the race and tends to impair the human resources of the country on which the coming generation must rely. The matter cannot wisely be left to the sole initiative of the separate states. Such a course is not only unfair to the states which have attempted to deal with the problem. It places a premium upon states which are willing to subordinate the future well-being of their citizens to a present questionable competitive advantage in industry.

In considering child labor, as well as in other aspects of the industrial problem, a differentiation should be made between the various employments which children enter. The entrance of children of tender years into a mill or factory tends to stunt their development, and injure the race. The argument that the child is thus enabled to learn a trade is unsound. For the trade may be more quickly learned, with greater opportunity for subsequent progress, by a boy of sixteen who has spent ten years in elementary schooling, than by a boy who loses the opportunity for intellectual and sound physical development by entering the mill at ten or twelve. On the other hand, the employment of children in agriculture may, if wisely supervised, develop physique and lay a good foundation for their more formal education in the country school.

But sheer prohibition of child labor is, at best, only a negative attack upon the problem. It is not thoroughly effective in promoting the economic welfare of the nation unless the time now spent by the child in industry is devoted to adequate schooling and to activity which will develop his physical well-being. We must not only protect our children from the physical degeneration which results from an early entrance into the mill or factory, we must enable them by education to take their place in society.

It is a startling fact that of the 5,516,163 illiterate persons of over ten years of age in the United States at the last census, over 68 per cent. were native born. There were approximately as many native born white illiterates as there were foreign born. The problem is not therefore solely or primarily due to the large influx of foreign men and women from the less literate countries of Europe. It is primarily a condition of illiteracy among our own people, and the lowest percentage of illiteracy, (1.1 per cent.) was among the native born children of foreign or mixed parentage.

Not only are the prohibition of child labor and provision for compulsory elementary education complementary; the age limits for those two classes of legislation should be, as far as possible, the same.

Up to the present, the Federal Government has not been able to deal comprehensively with the subject of child labor. The present federal child labor tax law imposes a tax of 10 per cent. upon the

net profits of any mine or quarry which employs children under sixteen years of age, and of any manufacturing establishment which employs children under fourteen. It makes no provision which assures the non-employment of children in street trades and various blind alley occupations during the time they should be at school.

The fact that the former federal child labor law has been declared unconstitutional should not be interpreted as registering or encouraging popular sentiment against such legislation but rather as occasion for arousing public sentiment in the interests of the rights of childhood.

The intimate relation between these rights and both compulsory education and child labor legislation suggests that the ideal solution of the problem would be a reasonable uniformity by all the states in their legislation upon these topics. The Conference, believing that the education and welfare of the childhood of the country is not entirely a local interest, urges upon all states not having adequate legislation upon child labor and compulsory education that they give these topics prompt and sympathetic consideration. Already in forty states compulsory education up to the age of sixteen, with certain exceptions, has been provided for. This has opened the way for consistent legislation upon the question of child labor. Under legislation of this character experience is rapidly demonstrating that the economic, as well as other vital interests of the country, are best conserved by lengthening the period of education. This makes possible a normal physical, intellectual and social development of the youth of the country.

6. HOUSING.

It is unnecessary to point out the intimate relation which exists between efficient production and the conditions of life to which a man or woman returns at the close of a day's work. When the employees of industry and commerce return to families who are housed in dwellings that are crowded, unsanitary, inconvenient, and unlovely, these men and women suffer in health and well-being, and consequently are unable to render that effective productive effort which the nation needs. The menace of these conditions cannot be overlooked. Bad housing creates a destructive restlessness that swells the volume of industrial discontent. The relation of these factors is direct, the consequences obvious.

It must be borne in mind that during the years of the war, there was serious retardation of building operations outside of the immediate war time needs of the country. The cessation of hostilities was followed

by a period of industrial readjustment which is resulting in a more rapid extension of the country's plant and factory facilities than has occurred for many years. No proportionate extension of housing facilities is accompanying this rearrangement. The present condition of insufficient housing will therefore be seriously aggravated rather than improved.

Provision for adequate housing is a responsibility which must rest primarily upon the local community. Concerted action in all industrial communities is necessary to deal with the problem. The community, its employees, its employers, its banks, its citizens generally should promptly take stock of their present position and develop such a program as is called for by their local requirements. Measures should be developed to enable employees in permanently located industries to acquire, on proper terms the ownership of their own homes, with protection against the dangers of real estate speculation and exploitation. The states should likewise initiate systematic inquiries into the subject, including the extension of proper building and housing codes, already successfully applied in many localities. The studies of the Federal Government in this field should be continued and emphasized.

7. WAGES.

Considered from the standpoint of public interest, it is fundamental that the basic wages of all employees should be adequate to maintain the employee and his family in reasonable comfort, and with adequate opportunity for the education of his children. When the wages of any group fall below this standard for any length of time, the situation becomes dangerous to the well-being of the state. No country that seeks to protect its citizens from the unnecessary ravages of disease, degeneration and dangerous discontent, can consistently let the unhampered play of opposing forces result in the suppression of wages below a decent subsistence level. Above that point, there may well be a fair field for the play of competition in determining the compensation for special ability, for special strength or special risk, (where risk is unavoidable), but below that point the matter becomes one of which the state for the sake of its own preservation, must take account.

The nation is interested in the welfare of its citizens not only from the point of view of wages, but from the not unrelated one of productivity. If, therefore, the Conference recommends the establishment of hours and wages on a basis of justice to employees, it must also recommend that the employees do their part in seeing that the productivity of

the nation is safeguarded. The nation has a right to ask that employees impose no arbitrary limitation of effort in the prosecution of their work. Such limitation decreases the country's output, and if practiced at all generally, is bound to result in a decline of the standard of living. It is gratifying that many leaders of organized labor are in agreement as to the unsoundness of such limitation of output, and are opposed to its practice.

If it is for the nation to insure that wages shall not sink below a living level, and for employees not to restrict production; it is incumbent upon employers to see that special effort and special ability on the part of their employees receive a stimulating compensation. If increased output and efficiency are met only by a reduction of piece prices, the incentive to such effort is taken away. Employees to do their best work must feel that they are getting a reasonable share of any increased return that they bring the industry. Labor incentive is a factor that it is as shortsighted to ignore as incentive to capital.

From this standpoint, the question of methods of wage payment is one that deserves careful study on both sides. Industries which have established facilities for mutual discussion of such questions, whether through unions or other forms of employee representation, are finding that it is possible at the same time to safeguard the worker from exploitation and to safeguard incentive to production.

8. PROFIT SHARING AND GAIN SHARING.

Profit sharing is regarded in some quarters as a complete solution of industrial problems. The Conference believes that while it has promise in some directions, it cannot by itself, be considered to be of far-reaching effect. Profit sharing in its simplest form has met with success under certain conditions—sometimes where an unusual personality has contributed to a happy outcome,—sometimes where the contribution of individual employees to the profits of an enterprise can be measured with some accuracy. It has proved of beneficial effect when applied to employees occupying executive and management positions, and to sales organizations. Its extension to all the employees of typical manufacturing plants meets with difficulties. It is not easy to determine what part of the profits or losses of such plants are attributable to the efforts of the rank and file of the employees, or to apportion among them shares of profits which shall be steadily in accord with the spirit and the direct outcome of their individual efforts.

Nevertheless, the Conference thinks that the field is one in which sincere experiments may add a real knowledge of desirable procedure,

and therefore that profit sharing experiments should be welcomed, particularly when carried out as part of a consistent policy of bringing employer and employee together, and promoting among employees a sense of interest and responsibility. Like employee representation, its usefulness depends on the spirit in which it is organized and administered. A mechanical application, especially when accompanied with pretentious announcements and claims, may do more harm than good. The Conference cannot see in profit sharing anything in the nature of a panacea, but it believes that, properly adapted to the character of the individual business, and carried out in a spirit of genuine mutuality, it may often better industrial relations. In order to accomplish the result aimed at, the allotted shares of profit obviously should be supplements to fair wages, and in no sense a substitute for fair wages, or in lieu of deductions therefrom.

There has been some promising experience in the cognate field of gain sharing. Here the employees in a particular department or sub-department share in the gains in production and in reductions of cost which are accomplished by the joint efforts of the management and themselves. Under such plans the employees can see clearly the immediate relation between their own efforts and the resulting return. There enter no complicating factors of gains and losses made in the purchasing and selling departments for which the productive shop employees are in no way responsible. And here also the distribution to employees can be made at such frequent intervals as to bring into more immediate relation the effort and the return.

9. THRIFT AGENCIES.

Good industrial management on the part of a nation will analyze preventable human losses and provide adequate resources for meeting them. Such losses in human efficiency could be lessened by more adequate agencies to promote thrift, in connection with provision against illness, old age, premature death and industrial accident.

There have been many plans of health insurance and old age insurance elaborated in other parts of the world and advocated in the United States. Without discussing whether such plans, when based upon government subsidy or compulsory action, are consonant with American ideals, the Conference believes that an extension and simplification of the insurance principle as a means of promoting thrift, saving and independence, would be advantageous to the people. The alternative to such insurance against sickness and old age lies in a wage adequate to cover these items. The Conference therefore sug-

gests that the Federal Government should inaugurate a careful, authoritative investigation on the whole subject.

It feels that such investigation could well include such items as the possibility of converting the great multitude of small Liberty Loan Investments in the country, (with all the attendant difficulty of collecting small amounts of interest) into some form of old age annuities. Such measures would extend the investment of savings in government securities, would be more economical in administration than present direct bond investments, and would be more stimulative to thrift and saving. A policy of this sort would furnish a method by which many industrial concerns and their agencies, which are endeavoring to make provision out of profits for old age security of their employees, could find a safe and helpful avenue for such investment.

The problem of health and of old age insurance, and its promotion by some means consonant with national ideals, demands consideration. If such means can be devised, they will furnish a relief to the states in the care of the ill, the indigent and the aged.

The entire subject needs careful investigation and public discussion which could, with great advantage, be promoted by the Federal Government.

10. INFLATION AND THE HIGH COST OF LIVING.

A prolific cause of unrest is the disturbance of economic equilibrium through the rapid increase in the cost of living. Remedy for this evil must be gradual, for sudden reduction of prices only comes through financial and industrial crises, which result in unemployment and suffering.

Increase in production during the past five years has not been at all commensurate with the expansion of currency and credits through war finance. Inflation during the past year moreover has proceeded at an increased rate, in the face of reduced production.

While the rise in the price of commodities parallels the increase in credit and currency inflation, and may by some be regarded as an effect and not a cause, and due to the shortage in world production, yet the parallel between the two sets of figures is illuminating.

Inflation must be dealt with through the wise restriction of credits by the banks, by increased production and by saving and economy in consumption. If these forces were brought into play, speculation and profiteering would recede and the cost of living decrease. The readjustment must be gradual, or it will involve industrial and financial disturbances that will result in widespread unemployment and great

hardship. If the advance of inflation is stopped, the opportunity for speculation will be diminished and amelioration of the situation will ensue without disturbance.

Since changes in the cost of living, and the readjustments they make necessary, must continue to be significant, it is vitally important that the Government maintain and even extend its machinery for investigating and reporting upon this phase of the industrial situation. The need for trustworthy and properly digested information in this field is necessarily an expanding need. During the war, the government made periodic investigations of the cost of living in the industrial centers of the country, as related to family budgets. Exact and reliable information is equally important during the period of reconstruction through which we are now passing. In their commendable purpose of bringing the activities and expenditures of government back to a peace basis, those responsible for controlling appropriations are justified in giving full recognition to this fact. The Conference hopes that adequate appropriations for the continuance of effective investigation work and the publication of results may not be lacking.

11. PUBLIC EMPLOYEES.

When men and women enter the public service they become a part of the machinery of government, and servants of the people. Continuous and effective service by these employees is not only essential, but constitutes the functioning of government. Even the right of the individual to retire is limited by his duty to give due notice, dependent upon the character of his service, so that there may be no cessation in its performance. Concerted retirement of any particular group from their post of duty may result in the paralysis of important public functions, and is nothing less than a blow at the government itself struck by those on whom rests the obligation of helping to conduct it.

The government is entitled to the best quality of service, and to be assured of this, there should be frank recognition of the right of its employees to just compensation. Salaries or wages not properly comparable with those paid in private employment naturally result in failure to attract to and retain in these positions the best qualified employees, and result also in discontent reflected in an impaired service.

The increased cost of living since 1914, has fallen heavily upon professional, clerical and administrative employees. Some overdue readjustments have lately been made, or are in process of being made, yet the fact remains that, as the cost of the necessities of life has mounted, many classes of salaried government servants have not re-

ceived the relief that has been given in many branches of private employment.

Among those employees who suffer most acutely have been the teachers in our schools. Their situation in many parts of the country has become deplorable. Thousands of them, trained in their profession, with a high and honorable pride in it, have been literally forced to leave it, and to resign what had been their hope, not of wealth, but of loyal service in building the foundation of knowledge and character upon which our national strength must rest. In consequence there is everywhere a shortage of teachers. An inquiry made by the Bureau of Education showed that in January, 1920, more than 18,000 teachers' positions in the public schools of the country were then vacant because the teachers to fill them could not be had. Over 42,000 positions are filled, in order that they may be filled at all, by teachers whose qualifications are below the minimum standard of requirement in the several states. It is the estimate of the Commissioner of Education that more than 300,000 of the 650,000 school teachers of the country are today "below any reasonable minimum standard of qualifications." Many of those who remain in our schools receive less pay than common laborers, despite the long years of preparation for their profession that they have undertaken. This situation is a national menace. It is useless to talk of Americanization and of the diminution of illiteracy and other national educational problems, unless it is faced at once.

The conduct of the great body of these public employees, under conditions which have brought acute hardship in many instances, has demonstrated their loyalty to the sound principle that there should be no interference with the continuous functions of the government.

Since the principle involved requires the surrender of resort to the strike, the obligation of providing means whereby their interests may be safeguarded and their grievances given prompt and effective consideration is emphasized. Unless government employees are fairly treated, we cannot expect from them the conscientious attitude toward their work which produces the highest efficiency. The government must be a just employer.

The Conference believes that the present method of fixing the compensation of many public employees is inadequate, and that it does not provide for that periodical revision which is essential when the cost of living, and the consequent purchasing power of wages, are shifting rapidly. Therefore it has attached to its proposed plan of adjustment, a section in which provision is made for meeting this need. Findings of any adjustment machinery in the case of public employees must necessarily have the force merely of recommendations to the govern-

ment agency having power to fix wages, hours and working conditions of the employees concerned. As a matter of principle, government is not in a position to permit its relations with its employees to be fixed by arbitration. The plan, as modified, therefore avoids arbitration. There is, in the case of public employees, no appeal to the National Industrial Board and no reference to an umpire. The Board of Inquiry is also omitted from the modified plan, (*Cf., supra*, pages 27 and 28).

It is desirable that the utmost liberty of action should be accorded government employees, wholly consistent, however, with the obligations they are under to the state. No objection should be interposed to their association for mutual protection, the advancement of their common interests and the presentation of grievances. On the other hand, the government has a right to expect and to receive from them undivided loyalty.

Government employees individually are free to leave the service, but no group should be permitted to strike or to threaten concerted cessation of work. This opinion is expressed in the constitutions of a number of employees' organizations, and the principle should be generally accepted.

The further question arises as to the propriety of such organizations, or their members, affiliating with other organizations who hold to the right to strike.

Policemen and others, whose duties relate to the administration of justice and the preservation of life and property, should not join, or retain active membership in, or be affiliated with organizations that resort to the strike. This conclusion is based upon the principle that they should be above any suspicion in the public mind of partiality in the discharge of their official duties.

For many years union labor refused to grant charters to policemen's unions, and this policy has the stamp of public approval to-day.

The case of members of fire departments is analogous. Their functions are closely associated with those of the police. They are likewise charged with the protection of life and property and are subject to call in case of riot. Although for some years charters have been granted to firemen's unions by organized labor, a number of these have lately been surrendered, in deference to the weight of public opinion.

In denying to policemen and others, whose duties relate to the administration of justice, and the preservation of life and property, the privilege of striking, and of affiliating with outside labor organizations, society must recognize that a double emphasis is placed upon the obligation fairly to compensate these special public servants, and

to insure the prompt consideration of the grievances which they may individually, or by right of association among themselves, collectively present.

The Conference has been unable to agree upon any recommendation as to the propriety of the affiliation of other classes of public employees, with organizations which resort to or support the strike.

12. AGRICULTURE.

In urging greater production as vital to the general prosperity, it should be kept in mind that the large issue of agricultural production is profoundly influenced by the competitive conditions between the factory and the farm, as to wages, hours and conditions of work. Any condition which puts hired help beyond the ability of the farmer to afford, thus limiting food production to that possible with the farmer's own labor and that of his family, will emphasize the tendency to reduce agricultural production, to lower the efficiency of the farm, to modify unfavorably the American standards of farm life, and to increase the cost of living. Any condition that reduces the buying power of farmers as a whole will tend to destroy a well balanced economic relation between industrial and agricultural producers, under which each should be the largest and best customers for the products of the other.

The insistent demand for reduction of the cost of living has directed attention to the fact that the cost of material is but a small part of the cost to the ultimate consumer. On the farm the increased cost of the materials consumed, of labor, of fertilizers, of machinery and of the other factors of production has greatly increased the cost of production. There can be no substantial reduction in the price of farm products until the factors entering into the farmer's cost have been taken into account. The gross receipts of the farm are a false standard by which to measure the farmer's pay for his own labor or the returns on his investment. Any adjustment of economic relations which overlooks these fundamental conditions will, in the effort to allay unrest in one circle, tend to increase it in another.

There is a broad national problem in the disparity of human effort applied to agriculture and that applied to general industry. If the conditions of labor and effort in general industry are to be relaxed below the standards in agriculture, it can only result in an increased burden on agriculture, with a sequel of diminished agricultural production. If, under such disparity of effort, general industry can still find an outlet for its commodities in export trade, it means ultimately

the dependence of the United States on imported food. It means the upbuilding of large industrial centers, with all their train of human problems.

From the standpoint of the physical and moral development of the people as a whole, the Conference believes it would be a disaster to exaggerate industrial development at the cost of agriculture. The industrial population can look forward neither to ultimate safety nor to an increasing standard of living from such a shift of national activities.

The present system of distributing food stuffs in the United States imposes an unnecessarily large cost upon consumers and reacts to depress the returns from agriculture. A considerable portion of this cost of distribution arises necessarily from the wide separation of food producing areas from the centers of population. Other necessary items of cost arise out of the fact that products cannot always be marketed at the season when they are produced, and therefore have to be stored. There are, however, in the inevitable chain of distribution and inherent speculation many unnecessary links.

The present distribution of food is inherently and necessarily upon a speculative basis, because each agency that handles the product is speculating upon its ability to find supplies on the one hand and customers on the other. The Conference believes that cooperation among consumers in the purchase of their supplies, and among producers in the marketing of their products, will tend to stabilize both demand and supply, and offer legitimate opportunity for reduction in the margin between producer and consumer.

13. UNEMPLOYMENT AND PART TIME EMPLOYMENT.

One fundamental problem which underlies any consideration of the effective use of the productive capacities of our country, is the problem of unemployment. So long as a great body of men and women capable of doing productive work are unemployed, the total industrial output of the nation will be, by that much, less than the attainable maximum.

The human side of the problem is even more important than its economic aspects. Economic aspects are important only because of their relation to human welfare. The fear of unemployment is the permanent pervading background for a large number of our population. The fact of unemployment is a breeder of discontent, resentment and bitterness.

There is no single solution. Urgent need exists for an immediate

and thorough study of the problem by individual industries so that analysis of the conditions in each may suggest appropriate measures of amelioration. Otherwise the country will be confronted with the demand for legislation still on trial in those countries which have adopted it, and will be without the information necessary to a wise choice of remedies. The situation presents a challenge to American ingenuity and initiative, to develop methods suitable to our industrial fabric and consonant with American institutions.

Part time employment is closely related to unemployment. Its principal causes are, first, seasonal demand for the products; second, insufficient car supply at the time when delivery is required; third, individual or collective dissatisfaction with the wages and conditions of employment; fourth, breakage in the equipment of the plant. The aggregate economic loss from these causes is enormous, and the individual hardships produced are frequently important factors in industrial unrest.

Earnest and partially successful efforts are being put forth in the needle trades to overcome the injurious effects of seasonal occupation, by using the product as a basis of credit to finance continuous operations, instead of rushing the work in four separate seasons within the year. Methods are now being devised by the Coal Commission to solve the first and second questions, in connection with coal mining operations, by having the railroads, public utilities, steel plants, and other large consumers purchase and store the largest portion of their coal supply during the dull season in the trade, thereby relieving the congestion during the busy season, and making the car supply more universally available throughout the year. The need for such steps is emphasized by the fact that in the bituminous coal industry there is apparently a loss, through broken time, of approximately 90 days per employee per year. As a result of this condition, 30 per cent more men than would otherwise be needed are engaged in mining the country's coal, and the wages of the men are consequently less than the attainable maximum.

The present efforts embody the first systematic attempt to find a remedy. The experiments have not been of sufficient magnitude or duration to give a proper estimate of the possible results, but the Conference is of the opinion that efforts of this character should be encouraged in all of the industries that lend themselves to such arrangements, and methods should be provided by which credits can be furnished for carrying the purpose into effect, properly safeguarded to protect the public against hoarding a greater amount of material than the ensuing period of seasonal demand can absorb.

There are certain fields of activity in which these methods cannot be applied, such as the building industry, but even in these fields substantial relief can be obtained. It is well known that a considerable number of men engaged in building occupations, are by virtue of the nature of the work, compelled to move from place to place where buildings are being erected, in order to secure a maximum of employment. They have, therefore, in many instances acquired migratory habits. Building operations are no longer purely local. Such enterprises frequently extend into a number of states, east and west, north and south. By a common understanding among architects, builders and workmen, outdoor work in the South can be planned for and conducted during the late fall, winter and early spring, so as to provide for the surplus migratory labor from the North. The work in the North can be so arranged as to get the largest possible amount under cover before the inclemency of winter prevents outdoor operations. By this means employment can be provided during the dull season for a very considerable amount of resident labor.

The erection of public works by government, local and federal, has a direct relation to the subject, and may be made one of the most useful approaches to the general problem of unemployment and part time employment. If large public works programs are undertaken at times either of general unemployment or of local seasonal periods of low employment demand, they will provide substitute employment for large numbers of men, and substantially reduce the individual hardships of the workers and the economic loss to the community. If, on the other hand, programs of road building and other public work are initiated at times of general industrial activity, and at seasons of high agricultural demand for labor, the activities of the state may seriously hamper private initiative, may place an unnecessary burden upon farmers, and will preclude the possibility of applying such work to alleviate unemployment.

The third cause, namely, individual or collective dissatisfaction with the wages and conditions of employment, leads into the consideration of one of the great phenomena in American industrial life—the so-called turnover of labor. There is no other country in the world where the turnover of labor is so tremendous. In normal times it is nothing unusual to find establishments in which the turnover is two hundred to three hundred per cent. per annum; that is, in which it requires the hiring of two hundred to three hundred workmen during the year to maintain an organization of one hundred. Such a condition naturally reduces efficiency. There is not only the loss of time incident to the change of men, but no man can be thoroughly efficient in his job until he

has become familiar with his machine, his shop, the characteristics of his shopmates and foreman, and the hundred and one other details that go to make up the sum total of his shop surroundings. Turnover is the individualistic strike. It represents the unorganized workman dissatisfied with conditions, or the organized workman unable or unwilling to interest his fellows in a collective protest. It produces in the aggregate much more loss of time than is involved in all of the strikes of trade unions, or spontaneous collective protest. The causes are numerous and vary with different shops and different communities. They may exist within the shop itself or in the conditions outside of the shop. The lack of proper housing and transportation facilities increases the movement of workmen from job to job. Instances of this sort are on record in which the turnover has been as high as one hundred per cent. a week for a prolonged period. No efficiency can be obtained under such circumstances.

The Conference recommends that some agency in every establishment be specifically intrusted with the duty of inquiring into and, as far as possible, correcting the conditions that produce such grave and undesirable results.

The fourth cause, namely, breakage in the equipment of the plant, is so directly a problem of management, and has such immediate bearing upon the return on the capital invested, that engineering skill is being continuously applied to reduce it to a minimum. Except as concerns safety, this cause therefore, may be properly intrusted to the intelligent self-interest of the management. Where that is not sufficient to promote safety, it is the duty of the state to step in, as it has done very generally, and use its police powers in protecting the health and safety of workers.

14. PUBLIC EMPLOYMENT CLEARING HOUSE.

The problem of unemployment is aggravated by the fact that at the present time there is no adequate method for mobilizing such a so-called labor reserve as, in spite of all efforts to reduce unemployment, may at any given time actually exist. At the present time there are many labor reserves but no mobilized reserve. The creation of a Federal Reserve System in banking has mobilized and coordinated the nation's credit reserves. Under such a system the nation can transact a larger volume of business on a given capital and credit than would be attainable under a system of separate banks acting individually in their localities. Similarly the country's productive capacity can be increased by the creation of a unified system of labor exchanges,

making what is in effect a single labor reserve that can be drawn on by industry in any part of the nation.

The Conference recommends establishing a system of employment exchanges, municipal, state and federal, which shall in effect create a national employment service. The employment problem is in the first instance a local problem. The first objective must be the placement of local men in local establishments in order to keep as large a number of the employees as possible at home with their families. But no purely local approach to the problem is, or can be effective. Labor surplus and labor shortage exist side by side within the country at the same time, although not necessarily within the same state. Carpenters or machinists may be out of work in Chicago at the same time that there is a demand for such artisans in Pennsylvania.

Perhaps more important is the constant problem of bringing labor from the towns and cities to the farms, both locally, and in times of great seasonal demand for farm operations when the need of the farmer requires the more extensive transfer of labor, from both his own and neighboring states.

Experience during the war has proved these general principles to be true in a period of high employment demand; they are even more generally applicable in normal times. Until a system shall exist for the gathering of information by the municipalities and states, and its exchange through a federal agency, jobs will be seeking workers and workers seeking jobs at the same time but at different places, and a consequent national loss in production will result.

The matter is not, and cannot be satisfactorily dealt with merely by private agencies, local and competitive in character, and operating at best within a narrow geographic field. The nation has so vital and persisting an interest in maintaining the industrial product, and in reducing the hardships due to unemployment, that it must interest itself in the problem.

At the present time seventeen states maintain public employment offices. The work of these agencies was coordinated during the period of the war through the United States Employment Service—a federal agency which furthermore opened offices in states having no state service, and thus established a system national in scope. This system has virtually lapsed with the return of the country to a peace footing.

To secure decentralized administration in the states, under the supervision of its citizens, to avoid the establishment of a federal bureaucracy, to foster the development of such service throughout the nation, the Conference recommends the enactment of appropriate legis-

lation by the Congress, making provision for an employment clearing house under federal control, which shall allot to the several states that have established, or shall establish state employment offices, their proportionate share of the federal appropriation, but not exceeding to any state the amount that shall be appropriated from state funds for this purpose. This cooperative relation between federal and state governments has been followed in other fields and may well be extended to the employment field.

Such a service, if it is to succeed, must obviously have the full cooperation of employers and employees. The war emergency developed some weaknesses in administration, which in the opinion of the Conference can wisely be corrected in the light of such experience. To justify the cooperation of both parties the needs of both must be served impartially. To insure such service the Conference recommends that committees equally representative of employers and employees be selected to advise and assist in administration.

V. CONCLUSION.

In presenting these recommendations the Conference desires to emphasize that they are not merely designed to tide over a troublesome period of economic readjustment. Many of the evils which we have pointed out were in existence before the war, and will remain in existence, if steps are not taken to remedy them. The machinery of cooperation and adjustment which we recommend we believe to have permanent value as an agency of industrial progress. At the same time, it should be borne in mind that today, when the sense of the magnitude and danger of social unrest is still acutely upon us, when we have not yet reverted to settled habits of thought and action, when our economic life is still in a state of readjustment, it may be possible to establish ideals and set up machinery which the inertia of a later day may defeat. Not with any feeling of panic, not with any hysterical haste, but sanely and sensibly we urge that these reforms be put into effect. And we do so with the belief that they will not only contribute largely toward the elimination of the causes of industrial strife, but that they will make for the introduction, in American industry, of those democratic principles which constitute the most precious heritage of the American citizen.

WILLIAM B. WILSON, *Chairman*

HERBERT HOOVER, *Vice Chairman*

MARTIN H. GLYNN

THOMAS W. GREGORY

RICHARD HOOKER

STANLEY KING

SAMUEL W. McCALL

HENRY M. ROBINSON

JULIUS ROSENWALD

GEORGE T. SLADE

OSCAR S. STRAUS

HENRY C. STUART

WILLIAM O. THOMPSON

FRANK W. TAUSSIG

HENRY J. WATERS

GEORGE W. WICKERSHAM

OWEN D. YOUNG

WILLARD E. HOTCHKISS,

HENRY R. SEAGER,

Executive Secretaries.

March 6, 1920.

M. R. August

9282147

2nd floor

Gaylord Bros
Makers
Syracuse, N. Y.
PAT. JAN 27, 1908

Not access.
Industrial Conference, Washington, D.C., 1919-20
Report ... March 6, 1920.

Ec.H
I4216r

**University of Toronto
Library**

**DO NOT
REMOVE
THE
CARD
FROM
THIS
POCKET**

Acme Library Card Pocket
LOWE-MARTIN CO. LIMITED

